

**VILLAGE OF LAKEWOOD
BUDGET WORKSHOP #1 MINUTES
MARCH 13, 2018**

The Budget Workshop #1 Meeting was called to order by President Serwatka at 6:00 p.m. at Turnberry Country Club. Present were Trustees Davis, McMahon, Odom, Rexroat, Ritchie, and Stephan. Also present were Chief Administrative Officer Jeannine Smith; Village Clerk Janice Hansen; Village Treasurer Jean Heckman; Chief of Police Michael Roth; Benefits Coordinator Susan Villie; Public Works Foreman Barry Wickersheim; Sergeant Olszak; Sergeant Richardson; and a few members of the public.

CAO Smith stated that preparation of the Fiscal Year 2018/2019 Budget began with the approval of the property tax levies for all funds in December of 2017 by the Board of Trustees. CAO Smith remarked that the Village is operating within its means. CAO Smith met with each Department Head to ensure that expenditures are consistent with actual revenues and not simply with budget figures. Based on ten month projections, it appears that there will be a surplus at year end in the General Fund. This figure does not include capital expenditures, which have been removed and placed into a separate account, General Capital Fund. This will allow the Board and staff to better monitor fluctuations in operating costs, which should have a degree of consistency outside of standard annual increases and better review and prioritize the capital expenditures according to the funds available. Another item of note is a 2% overall increase in personnel salaries and it is representative of the change in the CPI year over year. During the Villages leadership transitions, staff has demonstrated an unwavering commitment to assuming additional duties in order to keep the Village operating efficiently.

Trustee McMahon expressed great concern regarding the 15% increase in Administrative payroll, 7% increase in Public Safety payroll and 10% increase in Public Properties payroll.

Trustee Davis asked for a clarification of allocation of departmental salaries to the new Trustees since this is their first Budget Workshop. CAO Smith responded that salaries and benefits, for certain employees, are broken down to percentages of time worked within specific departments.

GENERAL FUND: This fund is comprised of five departments: Finance and Administration/Elected Officials; Public Safety; Planning and Zoning; Public Properties; and the Building Department. The primary sources of revenue for these departments are property taxes, state pass through revenues (state income tax), licenses, and utility taxes/fees/fines/other. This year's total tax revenue estimate is approximately 8% lower than last year's actual due to the 10% tax levy decrease approved by the Board of Trustees in December 2017. Residential growth is expected to remain flat with the number of new starts at 25 with 16 single family homes and 9 town home units. Residential construction benefits the Village in various ways: connection fees for infrastructure improvements and bond payments in Lakewood Utilities; additional Impact Fee payments that can be used for a variety of infrastructure needs; increased Equalized Assess Valuation; and an increased number of customers for Lakewood Utilities.

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FINANCE AND ADMINISTRATION/ELECTED OFFICIALS: Notable highlights include: Personnel Services overall increase year over year of 12%. *Salaries Regular* increase due to change in % allocated to RedTail. *Wages Full Time* increase due to change in % allocated to RedTail. *Wages Part Time* increase in hours for Village Clerk. *Employee Programs Added* Employee Assistance Program. Commodities overall decrease year over year 16%. *Office Supplies* increase slightly over last year's actual to cover the cost of replacement office chairs originally budgeted for this fiscal year. *Mileage Reimbursement* is significantly reduced due to contractual changes in the department. Contractual Services overall decrease year over year of 25%. *Postage* will increase slightly due to changes in newsletter delivery methods. *Dues & Subscriptions* are reduced due to consolidation of CAO position.

Chief Administrative Officer Jeannine Smith remarked about a new payroll system, Paylocity, which will save time, money, and increase payroll accuracy. This service has a set up fee of \$1,600 with a \$4,000 annual fee. This program is compatible with the Village's human resources services and payroll services.

CAO Smith commented that she is looking to consolidate the Village's current copiers and printers with a new copier/printer which will save time, ink, and office space.

Accepted as submitted.

PUBLIC SAFETY: Notable highlights include: Departmental Revenues *Sale of Assets* 2 squad cars. Departmental Expenditures *Salaries Regular* a reduction due to reorganization of department and reduction of Chief's salary *Salaries Full Time* increase due to reorganization of department. *Salaries Part Time* increase due to retirement of officer and subsequent hiring to part time duties. Commodities overall increase year over year of 10%. *Vehicle O/M/R Supplies* increased costs due to vehicle maintenance program. *Wearing Apparel* line item increase due to department reorganization. Contractual Services overall increases year over year of 7%. *Dispatch Services* fee increase from \$59,520 to \$74,793. *Fire Protection Services* fee increase from \$753,612 to \$800,000. *Debt Services* overall decrease year over year of 18%. *Bond Series 2008* final debt payment made for fire equipment in December of 2017.

Chief Roth commented about changes in dispatch services which will create a cost savings to the Department. Also due to a new police contact policy, there should be an increase in traffic fines and a reduction of accidents along Routes 176/47.

Accepted as submitted.

PLANNING AND ZONING: Notable highlights include: Contractual Services overall decrease year over year of 10%. *Developmental/Consulting Services* there are no expenditures planned for this fiscal year. Prior year's fees were associated with RedTail Drive property acquisition and TIF.

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Accepted as submitted.

PUBLIC PROPERTIES: Notable highlights include: Commodities overall increase year over year of 16%. *Street Lights M/R Supplies* line item decreased as LED retrofit program closes.

Equipment O/M/R Supplies line item increased to purchase new cutting edge for snow plows. *Snow & Ice Control Supplies* line item increase due to increase in salt usage. Contractual Services *Equipment O/M/R* includes increase for GPS for 3 trucks and associated service fees.

CAO Smith asked Public Works Foreman Barry Wickersheim for his opinion, are tree trimming expenses for FY 2018/2019 sufficient. Foreman Wickersheim replied yes, unless there are extenuating circumstances such as a storm, high winds, or ice storms.

Accepted as submitted.

BUILDING: The Village anticipates no change to a slight increase in building in the next fiscal year. Total building permits are expected to produce \$115,650 in revenue. Notable highlights include: Personnel Services overall increase year over year of 4%. *Wage Full Time* line item will increase due to staff job sharing of building department responsibilities. *Health & Life Insurance* line item will increase due to staff job sharing of building department responsibilities.

Accepted as submitted.

LAKE PATROL FUND: Decal sales are expected to remain consistent this season, revenues will likely remain flat. Expenditures are projected to exceed revenues due to necessary repair and replacement of buoys and other safety related items. FY 2017/2018 expenditures exceed revenues by approximately \$2,000 and staff anticipates expenditures will increase as maintenance requirements as needed. There has not been an increase in fees in many years. Staff is requesting an increase in fees as follows: Human powered boats from \$15 to \$20 and Non human powered boats from \$25 to \$30.

Notable highlights are: Revenues *Decal Sales* line item will increase by 24% to cover expected increased in expenditures due to normal wear and tear of equipment. Expenditures *Wages Salaries* increase over FY ending April 30, 2017 to budget Chief Roth's time allocation. *Wages Part Time* line item decrease over FY ending April 30, 2017 to budget hours shared with Chief Roth. *Wearing Apparel* line item increase due to new staff members. *Equipment O/M/R* line item increase for the purchase of new buoys.

Accepted as submitted.

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Trustee McMahon is concerned over using Reserves without a plan to replenish the Fund. He asked CAO Smith how she proposes to repay the Reserve Fund when paying for Village projects. CAO Smith plans to focus on economic development and produce a Capital Improvement Plan for Board review. She commented it is her priority to present a balanced budget.

Trustee Davis indicated he is also concerned about using Reserves and there is an obligation to discuss Village needs. CAO Smith commented that one strategy is to plan a Village Road Repair Project every other year for cost optimization.

Treasurer Jean Heckman mentioned the need to discuss the proper allocation of fund reserves and prioritize projects.

Trustee Davis requested that Enterprise Funds, RedTail Golf Club and Lake Patrol, reports be based on a calendar year instead of a fiscal year. This will give a better understanding of “true seasonal” revenues and expenditures.

With nothing further to discuss, Trustee Davis, seconded by Trustee Stephan, moved to adjourn Budget Workshop #1 Meeting. Voting Aye: Trustees Davis, McMahon, Odom, Rexroat, Ritchie, and Stephan. Voting Nay: None. Motion declared carried. The meeting adjourned at 7:13 p.m.

Janice S. Hansen
Village Clerk

Approved: _____ Dated: March 27, 2018